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10 DOWNING STREET

Prime Minister

The really interesting
item is not
Anthony Acland's
letter but Henry
Kissinger's article (at the
back). You ought to
read this before you
see Henry next
week. CDP 9/5

PRIME MINISTER

8 May 1989

POLICY TOWARDS EASTERN EUROPE

In my minute of 20 February (attached) I commented on the Kissinger/Baker idea of a US/Soviet arrangement on Eastern Europe. You agreed that such an approach would be undesirable and asked for our views to be made known in Washington.

Flag A. You may like to see Antony Acland's letter of 1 May, which reports that, although we have averted any danger of early US initiatives with the Soviet Union, variants of Kissinger's ideas survive and continue to exert some attraction. In particular if there was trouble threatening in Eastern Europe Baker apparently would see merit in discussions with the Russians on how the crisis could be managed.

Like Antony, I see danger in this suggestion. It would be virtually impossible to discuss management of an East European crisis with the Russians without appearing to side with them and get involved in their repressive measures.

At the same time I sympathise with the Administration's sense that there are great opportunities for the West in the present juncture and their frustrations at being unable to devise an initiative capable of putting Gorbachev on the defensive. As I see it, the answer lies in calling on Gorbachev to honour his principle of freedom of choice in Eastern Europe. In this context Bush's projected visits to Poland and Hungary are right.

You will want to discuss these matters with the President in June. We are faced with two great issues: first how to hold the Western alliance together in the face of Gorbachev's seductions; and secondly how to exploit the possibilities of change in Eastern Europe without dangerous instability.

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COVERING SECRET

You may also wish to have this letter and Kissinger's article in mind when the Doctor calls next week.



PERCY CRADOCK

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- OF SOVIET NEW THINKING AGAIN AND AGAIN. UNQUOTE
- VI) ON HUMAN RIGHTS PROGRESS HAD BEEN MADE : THOUGH MORE WAS NECESSARY.
- VII) ON ARMS CONTROL QUOTE WE SHALL CONTINUE WITH THE EXISTING ARMS CONTROL FRAMEWORK BECAUSE IT SERVES OUR OBJECTIVES OF STABLE DETERRENCE AT LOWER LEVELS OF ARMS AND RISK. WE INTEND TO PRESERVE AND STRENGTHEN THIS FRAMEWORK. INDEED, THE UNITED STATES WILL SOON SUGGEST A DATE FOR THE RESUMPTION OF THE STRATEGIC ARMS TALKS. UNQUOTE
- VIII) BUT THE US SHOULD TEST NEW THINKING ACROSS THE BOARD. SPECIFIC AIMS WERE :-
- ON REGIONAL ISSUES TO QUOTE ENGAGE THE SOVIET UNION IN A SERIOUS DIALOGUE TO DETERMINE WHETHER THEIR POLICIES HAVE CHANGED UNQUOTE.
 - ON MISSILE AND CW PROLIFERATION QUOTE IT WILL BE A OBJECTIVE OF MINE IN MOSCOW NEXT WEEK TO DETERMINE WHETHER WE MIGHT DEVELOP A FRAMEWORK FOR WORKING TOGETHER TO CONTROL A PHENOMENON WHICH THREATENS US ALL UNQUOTE.
 - ON TRANSNATIONAL ISSUES QUOTE THESE ARE TESTING GROUNDS FOR OUR ABILITY TO WORK TOGETHER UNQUOTE.
- IX) IN CONCLUDING, BAKER SAID THAT AMERICAN DIPLOMACY HAD BEEN WISE TO REJECT CONDOMINIUM WITH THE SOVIET UNION IN FAVOUR OF A COALITION OF FREE NATIONS. ?

COMMENT

4. THIS SPEECH PULLS TOGETHER THEMES THAT BAKER DEVELOPED IN HIS CONFIRMATION HEARINGS AND SUBSEQUENT PRESS INTERVIEWS. THE LDEA OF TESTING GORBACHEV IS PROMINENT, BUT THE SPECIFIC PROPOSALS AMOUNT TO THE PRESCRIPTION AS BEFORE, WITH A BIT MORE PRIORITY FOR CENTRAL AMERICA, WEAPONS PROLIFERATION AND TRANSNATIONAL ISSUES. THE SPEECH ALSO CONTAINS A GOOD DEAL OF EMPHASIS ON THE NEED TO CREATE THE RIGHT FRAMEWORK FOR THE US/SOVIET DIALOGUE: WHICH IS CONSISTENT WITH WHAT MRS RIDGWAY TOLD US (TUR) WAS THE MAIN PURPOSE OF THE MOSCOW VISIT.

5. BAKER AVOIDED MUCH COMMENT ON SOVIET INTERNAL AFFAIRS. HOWEVER HIS OBSERVATION THAT IT IS TOO SOON TO TELL WHETHER PERESTROIKA WILL SUCCEED OR NOT, BUT THAT THE US HOPES IT WILL, CONTRASTS WITH CHENEY'S OFF THE CUFF RESPONSE TO A JOURNALIST'S QUESTION EARLIER THIS WEEK QUOTE I WOULD GUESS THAT GORBACHEV WOULD ULTIMATELY FAIL ... AND THAT WHEN THAT HAPPENS, HE'S LIKELY TO BE REPLACED BY SOMEBODY WHO WILL BE FAR MORE HOSTILE UNQUOTE. THIS CREATED CONSIDERABLE MEDIA INTEREST: AS DID THE SPEECH GIVEN BY GATES IN BRUSSELS EARLIER THIS MONTH, WHICH IS ALSO

DISTINCTLY DOWNBEAT ABOUT THE PROSPECTS FOR FUNDAMENTAL CHANGE IN THE SOVIET SYSTEM, AND WHICH HAS RECENTLY BEEN PUBLISHED IN THE WASHINGTON POST. SOME COMMENTATORS HAVE SEEN CHENEY AND THE NSC AS ADVOCATES OF A MORE SCEPTICAL LINE WITHIN THE ADMINISTRATION. BUT THE PRESIDENT HAS NOW DISTANCED HIMSELF FROM CHENEY'S REMARK, AND ADMINISTRATION BRIEFING IS MAKING CLEAR THAT BAKER'S SPEECH IS THE AUTHORIZED VERSION OF US POLICY.

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FROM THE AMBASSADOR

CABINET OFFICE
Jp 829.....
5 MAY 1989
FILING INSTRUCTIONS
FILE NO.....

BRITISH EMBASSY
WASHINGTON, D. C. 20008
TELEPHONE: (202) 462-1340

Sir John Fretwell GCMG
DUSS
FCO

1 May 1989

Dear John,

POSSIBLE US INITIATIVE ON EASTERN EUROPE

1 Your letter of 3 March set out our objections to the ideas which Baker raised with the Prime Minister in February and our preferred approach. Your letter stimulated an interesting correspondence from other Posts, and we have had a number of high-level exchanges with the Administration at which our views have been firmly registered, in particular my talk with Eagleburger (my telno 914) and the Secretary of State's discussion with Baker (my telno 1063). The Germans also seem to have been active in expressing concern.

2 I think that we have averted any danger of the Administration floating initiatives precipitately with the Soviet Union; but the idea that there is a need for new thinking on the future on Europe still has considerable appeal at the political level here. You might therefore find it useful to have in advance of the NATO Summit a summary of where things have got to in Washington, and some thoughts on what more we might be doing to keep the Americans on the right track.

3 The first point to make is that Kissinger's ideas still seem to be evolving. His friends in the Administration (including Eagleburger) maintain that his initial comments were misunderstood, and that he never intended to propose a "Yalta II". Kissinger himself was moved to clarify what he meant in an article in the Washington Post of 16 April (copy enclosed - it is characteristic that Kissinger attributes most of the ideas, and by implication the fuss about them, to Baker!). In this revised version, there is less emphasis on superpower dialogue, (although that aspect is still there) and more on the role of the European Community

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as an economic partner for any East European country that meets the Helsinki requirements on human rights and makes clearly defined progress towards democracy (this of course both ignores what is already going on the EC/East European front, and is somewhat presumptuous in assigning a role of this kind to the Community - echoes of "the Year of Europe").

4 It is clear from our discussions with the Administration that Baker and his new team are now well aware that proposals to discuss the future of Eastern Europe with the Soviet Union raise profound concerns in Europe, both East and West. (It is perhaps worth underlining the distinction between discussions of that kind which would address policy issues of fundamental importance to Europe, and on the other hand the discussion of specific developments in East European countries, which would seem to be much less sensitive, and which indeed we ourselves undertake: cf Sir Geoffrey Howe's exchanges with Shevardnadze in London about Romania.) We are told that the Administration's review of policy towards Eastern Europe came down against raising the Kissinger ideas in any form with the Soviet Union at present, and concluded that the US should concentrate on responding to developments in Poland and Hungary. Since then, the Administration have taken care to consult the Allies fully over the development of their rather good package of measures towards Poland. The outcome of the review probably owes a lot to the hard-headed commonsense of Gates, Scowcroft's Deputy, who has been coordinating the review process and who made quite clear to us in characteristically forthright terms two or three weeks ago that the Kissinger thesis was "inappropriate vis a vis the allies and inappropriate vis a vis the East Europeans".

5 So far so good. But as you said, there is still a suspicion that at the political level Baker continues to hanker for some kind of initiative. It is evident from the comments of Eagleburger, Ross and others close to Baker that he and his team still see some merit in Kissinger's central perception, ie that a number of very important developments are taking place simultaneously but separately in Europe:

- the ferment in Eastern Europe;
- the prospect of CFE reductions, possibly leading in a second phase to deep cuts on both sides;
- the magnetic effect on Eastern Europe of an economically vigorous European Community;



and that, taken together, these developments give the West a unique opportunity to do something about Eastern Europe and perhaps even to change the post-war status quo. All this remains inchoate. But Baker and his team still seem fascinated by the possibility that they can come up with some over-arching Western initiative, which would put Gorbachev on the defensive, and demonstrate (not least to Congress and the US media) that the Bush Administration had brought vision as well as competence to East/West policy.

6 There is one other strand in Administration thinking which is worth mentioning. Eagleburger commented to Robin Butler that he foresaw trouble in Eastern Europe at some stage, perhaps over Poland, and that there should be an attempt by the Administration to discuss with Gorbachev how this should be managed. Something of the same thought came through in Baker's interview with the New York Times on 28 March when he said "if progress did not continue to be made along the lines of Eastern Europe opening up and coming towards the West, if there was a reversal, or if you had anarchy and a reaction by the Soviets, it would be a different situation. Then it would be appropriate in my view to look at the possibilities of the proposal that Henry advanced". There is no sign that Baker intends to raise this aspect at an early stage with the Russians. But it may stick in his mind as a piece of contingency planning that needs to be done at some time. We therefore need to find an opportunity to point out to him the pitfalls of trying to negotiate with the Russians in advance about how they would respond to a crisis in Eastern Europe.

7 Beyond that, what policy conclusions should we draw from all this? I believe that three main points emerge:

- (i) Baker has now been alerted to the fact that the ideas he picked up from Kissinger cause serious concern in Europe; and he also appears to accept that events are in any case moving in our direction in Eastern Europe and that we should concentrate on a careful and differentiating policy of encouraging change;
- (ii) but in the period up to the NATO Summit and beyond, the Administration will remain susceptible to the temptation to look for eye-catching initiatives: and we should expect the President's public speeches in and around the Summit to be well stocked with visionary passages about the future of Europe;
- (iii) We therefore need to continue to keep in the closest touch with US policy makers at all levels, to ensure that our views are firmly registered, and that we



pick up early warning of any incipient initiatives. At the same time, we must recognise that it is at the level of Baker that the temptation towards Kissinger-style package deals is strongest. It will therefore be important for the Secretary of State to go over the ground on Eastern Europe again with Baker, both in Brussels if there is an opportunity, and in London. It would also be well worthwhile having this on the Prime Minister's checklist to raise with President Bush.

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Anthony

Anthony Acland

cc: HMA Moscow
Belgrade
Warsaw
Prague
Budapest
East Berlin
Bucharest
Sofia
UKDEL NATO
Paris
Bonn
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Reversing Yalta

The opportunity exists for a newly independent Eastern Europe.

Secretary of State James A. Baker III, in a conversation with reporters, put forth two approaches to East-West relations in Europe: the first encourages the Soviet Union to reduce progressively its political domination over Eastern Europe in return for negotiated assurances that the Atlantic Alliance would not move militarily beyond present dividing lines; the second deems negotiations unnecessary because the Soviet empire in Europe—and perhaps the Soviet Union itself—is disintegrating on its own. Secretary Baker, while expressing sympathy for the negotiated approach, seemed to imply that he could pursue both options in sequence, with diplomacy needed only “if you had anarchy and a reaction by the Soviets. . . .”

Matters might have rested on this essentially theoretical level had not the Baker remark evoked a flood of comments on both sides of the Atlantic, ranging from denunciation of any such negotiation as a second Yalta to arguments that Europeans, not Americans, should be the principal negotiators. I became involved in the debate because Secretary Baker at first seemed to endorse a fragmentary summary of a private conversation, a distorted version of which was then “rejected” by an unnamed administration spokesman.

It goes without saying that the goal of American policy should be the reversal of Yalta, not the revival of Yalta. The opportunity for this exists because of the increasing disillusionment of Eastern Europe, the policy of glasnost, which makes it possible to articulate this unrest, and perhaps a growing Soviet recognition that policing hostile populations drains resources and diverts energies from the imperatives of perestroika.

But it is not possible to ease the Soviet Union out of Eastern Europe without Moscow's noticing it. Therefore the undoing of Yalta will surely be complex. The strategy should be to enable the countries of Eastern Europe to associate themselves—on a case-by-case basis—with the European Community while NATO and the Warsaw Pact continue at reduced levels in Central Europe. Existing forums could conduct the necessary negotiations: the European Community would design the framework for its association with the countries of Eastern Europe; the Vienna talks on conventional arms control would provide a security framework for that process.

Precisely because such an evolution requires difficult—and for the Soviet Union painful—adjustments, its direction must be clearly understood by all key players. A confidential dialogue between Washington and Moscow will therefore be in the end not only unavoidable but desirable. Its purpose should be conceptual; to clarify the goals and methodologies of the process of unifying Europe. The European Community would participate as an integral partner.

To be sure, if the Soviet empire in Eastern Europe is disintegrating by itself, diplomacy might be unnecessary. On the other hand, once there is anarchy and the tanks roll, it is too late for diplomacy.

In reality the policy of watchful waiting for the disintegration of Eastern Europe is a paper option. For Western unity is highly unlikely to survive the process of coasting. Ironically, each of the alliances may be counting on the disintegration of the other. If both turn out to be wrong, there will be stagnation. If both turn out to be right, there will be chaos. If we are not careful, regional conflicts may be settled while the focal point of crises returns to Europe.

The Kremlin's reliance on centrifugal tendencies in the West can be found in many pronouncements to the effect that Western unity will evaporate once

“Once there is anarchy and the tanks roll, it is too late for diplomacy.”

the image of a common enemy has been removed. In that view the withdrawal of American strategic forces from the continent of Europe under the INF agreement will weaken the link between the nuclear defense of Europe and America. As START negotiations reduce overall numbers, recourse to strategic nuclear weapons based in America or at sea will seem less reliable or legitimate.

The probable trend of conventional arms control negotiations could accelerate the erosion of Western cohesion. The very effort of elaborating an appropriate balance to offset Soviet proximity, central geographic location and mobilizable reserves and of inspecting for violations in the vast spaces of Russia will surely be divisive. More important, the process cannot go very far without leading to a removal of some American troops, a redeployment that will probably accelerate with the passage of time.

The presence of American troops has become so much a fixture in European minds that even their partial withdrawal will have a seriously adverse psychological impact. Europeans—especially Germans—may complain about low-level flights and other irritations. But quite a different reaction is likely to develop when it sinks in that the remaining NATO forces will be stretched so thin as to complicate the establishment of a credible defensive line against an adversary able to concentrate at a decisive point. This would hit home at the precise moment that the withdrawal of U.S. nuclear forces combined with the reluctance of the Federal Republic to modernize the remaining nuclear forces was moving NATO toward a de facto denuclearization of Central Europe. In this scenario, Eastern Europe would not be the only part of Europe facing ferment.

The Soviet Union has put forward a formula to accelerate this ferment: the concept of the “Common European House” from the Urals to the Atlantic. Many European foreign ministers refer favorably to this idea, even though it relegates the United States to a secondary status, establishes a Soviet claim to economic assistance based on geography and provides a basis for Soviet domination of a denuclearized Central Europe. Moscow knows very well that if its notion of a European House becomes conventional wisdom, the Alliance structure cannot survive.

Two conclusions follow: a) arms control negotiations can no longer carry the full weight of East-West relations; b) a political concept of a united Europe is needed to relate the many existing separate negotiations on arms control, trade and human rights to each other.

The internal cohesion of the West requires it to put forward its vision of a united Europe because without it the economically and militarily strongest nation of Europe—the Federal Republic of Germany—will surely pursue its own course.

For the turmoil in Eastern Europe falls directly on the fault line of the division of Europe which cleaves the German people; no German statesman can afford passivity. Even in normal times Germany has rarely found the means to reconcile the perils of its central geographic location with a sustainable concept of its own national interest.

In part this is because Germany, unified only in 1871, never managed to develop a coherent concept of the national interest. Except for the Bismarck period, Germany's diplomacy was based on a restless quest for status, which, by threatening each neighbor individually, brought about the very nightmare of hostile coalitions that it dreaded. Histori-

cally, Germany's ties were either in Central Europe with the Austro-Hungarian Empire or in the East with Russia. It was not until 1950 that a clear-cut decision in favor of the West was made.

In the last decade and a half that choice has been increasingly challenged. The truism of the postwar period—that America was essential to balance a genuine Soviet menace—has been shaken at both ends. American policy has come to appear opaque and less steady. The Soviet threat has diminished in German eyes; Gorbachev has in fact turned into a sort of German folk hero.

Friends of the Federal Republic do it no favor by muting a disquiet many Allied leaders feel but are reluctant to articulate. It is impossible to travel through Europe without becoming conscious of the deep concern of influential Europeans, not that the Federal Republic will leave the alliance but that by pursuing all of its options between East and West simultaneously it will repeat—with the best of intentions—the historic German debacle of self-isolation. Restless German unilateralism could thus wind up splitting either Europe or NATO or both.

The Federal Republic cannot by itself provide the necessary framework for healing the split of Europe. If Germany challenges the Soviet Union in Eastern Europe on a national basis, it would revive historic nightmares for the Soviet Union and tempt Moscow into a demonstration of its strength, perhaps over Berlin. But if the Federal Republic sought to avoid this danger by ever closer rapprochement with Moscow—as it would be tempted to do—it would lead almost inevitably to a cooling of relations with Washington. Bonn, in trying to be popular everywhere, could wind up forfeiting its hard-earned reputation for reliability.

For these reasons, a reassessment of Allied purposes and relationships and the elaboration of a coherent strategy are essential.

First, the Atlantic Allies must put forward their own concept of a united Europe. If the Soviet Union participated without the United States, it would dominate. If both the United States and the U.S.S.R. joined, Europe would lose its identity. To avoid both hegemonies and to achieve identity, the borders of this new Europe must run from the Polish-Soviet frontier to the Atlantic, not from the Urals to the Atlantic.

Second, there must be a concept of how to achieve the goal of reuniting Europe. In the real world, progress can be made without the risk of war only if the political freedom of Eastern Europe is somehow related to meeting legitimate Soviet military security concerns.

Neither America nor Europe can achieve this goal alone. The European Community must accelerate its political unification and at the same time develop a strategy for the association of interested countries of Eastern Europe with its economic institutions. The countries of Eastern Europe should know that this association is available to any nation prepared to meet the Helsinki requirements of human rights and to make clearly defined progress toward democratic institutions. Credits to both Eastern Europe and the Soviet Union should be geared to similar criteria; without them, the effect of credits is simply to render Soviet political dominance more bearable.

Once the European Community has established such a political framework, NATO would be in a position to transform the conventional arms control negotiations from an esoteric numbers game into a systematic effort to accelerate greater political freedom for Eastern Europe.

The existing NATO arms control proposal foresees the continued presence of American and Soviet forces in Central Europe, albeit at reduced levels.

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This reflects the reality that no European government is prepared to see a complete withdrawal of American forces, without which a total Soviet withdrawal cannot occur. (I doubt that the Soviets would accept even such an offer, nor could such an offer be made without generating panic.) But to be compatible with greater political freedom for Eastern Europe, three limitations are necessary: a) the principle of nonintervention into the domestic affairs of all participants must be firmly established in binding international agreements; in other words, the Brezhnev doctrine must be ended; b) U.S. and Soviet troops should be confined to base areas except for a limited number of pre-announced maneuvers; c) troops withdrawn from areas of limited armaments must not be reintroduced.

Why should the Soviets agree to such an approach? They might do so if Soviet leaders are genuinely prepared to live in equilibrium with their neighbors. If Gorbachev wants to transcend the endless conflicts that have marred the history of his country, he should welcome an evolution that provides economic assistance and normal security guarantees in return for political freedom for nations whose restiveness would otherwise condemn the Soviet Union to policing endless and unforeseeable crises. The alternative to the course sketched here is that events could get totally out of control.

In such an evolution Europe would restore its historic relationships. The Soviet Union would have a military buffer, but Moscow would disembarass itself of the costs and risks of sustaining unpopular regimes. The United States would continue as the guarantor of the security of its allies while they assume an increasing role in shaping the political future of their continent. History will not do our work for us. But it has given the Atlantic nations an opportunity to do it for themselves.

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“Ironically, each of the alliances may be counting on the disintegration of the other. If both turn out to be wrong, there will be stagnation. If both turn out to be right, there will be chaos.”